

House Republican Press Release

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LEGISLATURE APPROVES BILL TO IMPROVE PREPAID FUNERAL CONTRACTS



PRO-CONSUMER INITIATIVE INTRODUCED BY REP. GIEGLER

On Monday, May 1, the State Senate unanimously gave final legislative approval to an initiative introduced by State Representative Janice Giegler, R-138th, that would establish greater clarity in prepaid funeral contracts. House Bill 5181, An Act Concerning Prepaid Funeral Contracts, now goes to Governor M. Jodi Rell for final approval.

HB 5181 requires pre-need funeral service contracts to be written and include certain provisions to help consumers. The provisions must: describe the parties, identify goods and services to be provided, the amount paid or to be paid, and designate an escrow agent who will hold the prepaid funeral service funds. It also requires funeral homes to keep copies of the contracts and inform contract purchasers when changing majority ownership.

Current law requires a funeral home to deposit money provided under pre-need funeral service contracts into an escrow account and set a deadline for making the deposit. HB 5181 prohibits transfers to an insurance contract except under specified conditions. It also revises the restriction on investing escrow accounts in insurance contracts.

“Current Connecticut law mentions a funeral service contract but does not even mandate these contracts be in writing,” said Rep. Giegler. “There have been problems involving the misappropriation of pre-need funds—in some instances due to bad business practice but some due to fraud. This bill is a protection for both consumers and funeral directors.”

Daniel P. Jowdy, President of the Jowdy-Kane Funeral Home in Danbury and Kane Funeral Home in Ridgefield said the legislation would also be welcomed by the profession.

“This legislation mandates what most funeral homes in this State already do as just good business practice,” said Jowdy, who also serves as a member of the state board of examiners for funeral directors and embalmers. “The element that makes a significant

difference to the consumer is the requirement that the financial institution send a confirmation letter of the funds deposited directly to the purchaser. This closes the loop (family-funeral home- bank-back to family) and substantiates the information in the Pre-Need Contract as to where their funds will be until needed.”